



DEPARTMENT OF STATE

Washington, D.C. 20520

BUREAU OF OCEANS AND INTERNATIONAL
ENVIRONMENTAL AND SCIENTIFIC AFFAIRS~~CONFIDENTIAL~~

TO: IAEA IG Participants

SUBJECT: IAEA Reassessment: IG Meeting of November 18, 1982

Undersecretary Kennedy began the meeting by saying that the reassessment has had some effect. Others have recognized that the U.S. is serious, and there is a growing consensus that there are real problems facing the IAEA. We are making progress in the effort to gain a re-examination of the institution and rededication to its basic principles. Some of these indications of a change in attitude are

-- There has been good WEOG support. Some of the WEOGs will make helpful statements at the UNGA debate on the IAEA this week. The Australians, for example, tried (unsuccessfully) to improve the wording of the resolution on the IAEA's annual report at the UNGA by including language decrying extraneous political controversy.

-- During several informal discussions Undersecretary Kennedy and Deputy Secretary Davis had earlier this week with Blix, it was clear that Blix has the message we are interested in strengthening the Agency, that he recognizes that our concern is real, and that the Secretariat can influence the tone of the IAEA. As a result, his public statements in Washington stressed that (1) the institution is valuable, and (2) it needs both strengthening and reinvigoration.

-- Blix's report to the IAEA at the UNGA will say that there is no place for extraneous political activity in the IAEA.

-- There is even some evidence that certain G-77 members understand the situation. They probably will not be willing to state their views publicly, but may act more responsibly in the future.

Then there was some discussion of the vote to be held in the IAEA resolution in New York on Friday. It was clear that the U.S. could not accept any language naming Israel specifically. There was some inclination to try and keep what happens at the UNGA separate from Vienna as much as possible.

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It was hoped that Blix himself would help temper G-77 condemnation of Israel in New York. In any case, the real test would come at the next General Conference. Perhaps we might encourage Israel to do something to respond positively, for example, in a statement to the DG, Board, or to the General Conference.

Finally, the most recent version of the draft strategy paper was discussed. The long-term U.S. goals for the IAEA need to be better defined as well as what kind of behavior we should encourage after we resume participation so that it does not just become business as usual. We will have to decide whether to announce our intent to return and do so completely upon a given date or to return piecemeal by attending first certain selected meetings. This latter approach may provoke an unfavorable reaction, however, if we only participate in for example, safeguards-related activities. Nevertheless, it was decided to examine the feasibility of a phased resumption of participation. Whatever the decision on re-entry, we may have to attend the SAGSI meeting in early December to protect our interests in the safeguards system.

Actions to be undertakenResponsibility

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|--|----------------|
| 1. Action Plan on phased resumption | Drafting Group |
| 2. Publicity on extent of U.S. contribution to all aspects of IAEA | |
| 3. Responses to U.S. approaches | OES/ACDA |
| 4. Strategy for dealing with future challenges to Israel's and South African participation | ACDA |

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Clearances:

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U. S. Participation in the International Atomic Energy

Agency - The Role of Transportation

The U. S. has actively participated in transportation related functions at the International Atomic Energy Agency (IAEA) from the very beginning of that agency's involvement in transportation. In fact, the U. S. transportation regulations formed the basis of the first IAEA transport regulations and U. S. input and support has continued to help shape the IAEA's activities in this area.

The main transportation related function of the IAEA has been to develop and maintain an internationally accepted program for the safety regulation of radioactive materials transport. Specific actions taken include:

1. development of internationally accepted transport regulations (1961)
2. revision of the regulations in order to remain "state of the art" (1964, 1967, 1973 and an ongoing major project scheduled for completion in 1984);
3. development of a "Competent Authority" system to handle interactions between regulatory personnel in the various Member States;
4. providing an international forum for the resolution of both specific and generic problems; and
5. stimulating related activities by Member States such as needed research or development.

As a result of the Agency's efforts and the efforts of the participating Member States, the international transport of radioactive materials takes place suprisingly smoothly. Since Member States are very comfortable with the level of safety provided by the IAEA regulations they are universally adopted, either verbatim or modified as necessary to fit an individual Member State's legal needs. Active U. S. participation in the formulation of these regulations has ensured that the level of safety provided is acceptable and consequently the U. S. transport

regulations are in essential conformance with those of the IAEA.

Movements of larger quantities of radioactive materials require specific design reviews and approvals for the packages and operations involved. Each Member State has a designated Competent Authority which issues these and serves as a focal point on transport matters. The Competent Authorities of most countries recognize the validity of the various approvals issued by other Competent Authorities. This recognition minimizes duplication and administrative burden on shippers and carriers while ensuring adequate competence in the approval process. The U. S. Competent Authority, the Department of Transportation, is by far the most active Competent Authority, issuing hundreds of design and shipment approvals of which approximately 85% are for U. S. shippers exporting radioactive materials or technology.

A curtailment of U. S. participation in the IAEA transportation functions could have significant impacts on all international programs which require the movement of material between the U. S. and other countries. If other countries become unwilling to accept our package approvals the shippers may be forced to submit detailed safety analyses to the Competent Authorities and work their way through the approval process for each country involved.

If we no longer participate in the regulation development process, the direction in which the IAEA regulations evolve may not be acceptable to us. This would result in the U. S. being unwilling to adopt regulations consistent with the international standards and the establishment of regulatory impediments to trade. This barrier could effect both import and export shipments involving general trade, research and even medical activities. There are few programs that do not involve transportation in some fashion and all of these would be impacted to some degree depending on the severity of the disparity that would come to separate the U. S. and IAEA requirements.

SECRETIAEA REASSESSMENT: DRAFT STRATEGY PAPER

The objectives of the IAEA, as stated in Article II of its Statute, are to "seek to accelerate and enlarge the contribution of atomic energy to peace, health and prosperity throughout the world. It shall ensure, so far as it is able, that assistance provided by it or at its request or under its supervision or control is not used in such a way as to further any military purpose."

I. THE PROBLEM

The IAEA plays a role critical to U.S. national security interests by the application of its system of safeguards designed to detect diversion of civil nuclear material from peaceful purposes. U.S. national security interests in the IAEA make that Agency unique in the UN system. U.S. law requires the application of safeguards by the IAEA as one of the necessary preconditions to licensing exports of nuclear materials and technology, worth billions of dollars annually. Further, the IAEA performs important functions in all areas of nuclear technology and science, and provides technical assistance in the form of experts, funding, equipment and training in all these areas. The United States is a major contributor to these activities, which serve to enhance relations with recipients of US nuclear assistance channeled through the IAEA, and, more importantly, helps to create a climate supportive of effective IAEA safeguards and continued adherence to the NPT.

In recent years there has been a growing tendency for the proceedings of the IAEA Board of Governors and General Conference meetings to be disrupted by political issues that go beyond its statutory functions, by highly political approaches to the statutory functions and by the introduction of bloc polarization and confrontation (a trend generally referred to as "politicization"). This trend is caused in part by factors that are common to all international organizations. The growing assertiveness of the G-77 has intruded into the activities of even technically-oriented agencies. These organizations typically operate by majority rule, with each member state having one vote. This trend has tended to produce a situation in which the established statutory provisions and legal procedures of the IAEA can be flouted by the action of a bare majority of member states.

While the United States has been, and continues to be, willing to deal with controversy in the IAEA generated as a result of implementation of its mandated functions (e.g., Board expansion, technical assistance funding, and Secretariat

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staffing), a situation in which the legal norms of the IAEA are repeatedly not observed including notably the rights of members to participate is profoundly objectionable to the United States. The rejection of Israel's credentials at the 1982 General Conference was the most recent evidence of this trend. Unless this tendency can be reduced, the utility of the IAEA to the United States will be significantly reduced.

IAEA safeguards implementation does not seem to have been adversely affected so far by the unfortunate trend toward politicization. However, an adversary approach to safeguards has been adopted by some industrialized and developing countries. These developments have reinforced the hand of those states opposed to safeguards and have fostered an environment which could lead to the gradual erosion of the effectiveness of the system and which could hinder or block timely and decisive decisions and actions by the Board and the Secretariat. We must now find ways to reverse this trend, or seek a new safeguards mechanism.

An initial study of safeguards alternatives to the IAEA has been undertaken by DOE. No good alternative appears to be readily available which could be implemented immediately and which would protect U.S. interests as effectively as the strategy set forth below. However, there is a risk that this strategy may not ultimately be successful. Therefore, to protect our security interests against this risk, an in-depth study of realistic alternatives to the IAEA safeguards system should be initiated promptly. This would need to assess methods of accomplishing two divergent objectives now encompassed by the IAEA safeguards system. They are 1) assuring the U.S. that recipients of U.S. nuclear supply are adhering to their undertakings, and 2) assuring the U.S. that foreign nuclear activities, whether or not involving U.S. supply, are being conducted in a manner that does not jeopardize existing international political and security relationships. This longer-term study should also examine whether and how the IAEA might be fundamentally restructured in order better to fulfill the U.S. objective of strengthening its existing safeguards system.

This paper defines key U.S. objectives with respect to the IAEA and lays out a short term strategy which would provide a basis for resumption of US participation in the IAEA. This is necessary in order to maximize U.S. influence on the Secretariat and member states as we seek to achieve longer-term objectives. It also lays out a longer term strategy for seeking changes which would enable the IAEA to perform its mandated functions more effectively in the future.

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II. U.S. OBJECTIVES

A. Short-term

-- Broad support for, and commitment to, strict adherence to the IAEA Statute and its rules of procedures.

-- Broad support for, and commitment to, the principle that the exercise or denial of rights and privileges of membership in the IAEA must be based upon statutory criteria.

-- Broad support from both the Secretariat and key member States for reducing the injection of extraneous political issues into the proceedings of the IAEA and for reducing polarization and bloc confrontation.

B. Longer-term

-- IAEA adherence to the principle that all members in good standing are permitted to participate in all IAEA activities, including ensuring acceptance of Israel's right to participate in the IAEA.

-- Minimizing to the extent possible the introduction of extraneous political issues into IAEA proceedings, and minimize any adverse impact on Agency activities of those extraneous issues which are introduced.

-- Gaining the cooperation of the NPT majority in the G-77 and of the Secretariat to minimize bloc polarization and confrontation.

-- Developing a strategy to address the problem of Israeli and South African participation in the IAEA.*

-- Increasing appreciation among member states and the Secretariat for U.S. interest in, and contributions to, the non-safeguards functions of the Agency.

-- Improving the performance of the Agency in those areas, notably safeguards, which we deem important to our national interests.

III. SHORT TERM STRATEGY

The United States walked out of the 1982 General Conference because the credentials of the Israeli delegation were illegally rejected. There is no way to undo what happened in September. The next General Conference is not until the

*ACDA is drafting a separate paper on this subject.

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fall of 1983, and credentials are not required for participation in IAEA activities other than the General Conference and Board of Governors meetings. (Israel is not a member of the Board of Governors.) Israel remains a member with full rights and privileges except that it has not received technical assistance since this was suspended in 1981. Based on what occurred in Nairobi at the ITU Conference and in New York at the UNGA, Israel's right to participate in the UN system has been protected successfully thus far.

The period since the General Conference has served not only served as an interval in which to reassess U.S. participation in the IAEA, but also has provided time to convince other governments and the IAEA Secretariat of the gravity with which we view the trend toward increased political controversy in the IAEA and the need for corrective action. On November 19, the UNGA voted overwhelmingly to accept an Iraqi amendment to the IAEA's annual report for 1982. That amendment considered Israeli threats to bomb nuclear facilities a serious threat to the IAEA. On the other hand, during the debate many member state representatives called for reducing political controversy in the IAEA. Thus, it remains to be seen what implications this vote has for the IAEA. The actions in the short-term strategy outlined below are designed to ensure sufficient progress in meeting U.S. short term objectives to establish conditions for resumption of US participation in IAEA activities. Pursuit of these actions will also serve to facilitate achievement of our longer-term objectives (outlined in Part IV). U.S. participation in IAEA activities will be resumed with a program (the longer-term strategy) for working vigorously with other states and with the Secretariat to reduce extraneous and divisive political issues as well as bloc polarization and confrontation in the IAEA, and to enhance the capability of the IAEA to pursue its mandated functions effectively. This program is designed to be constructive and non-punitive. An active process of monitoring the implementation of the program must be established.

A. Work with Secretariat

IAEA Legal Advisor Herron has written a memorandum to the Director-General on the General Conference procedure for examining the credentials of delegates. He stated that the credentials submitted by Israel to the 26th General Conference complied with the requirements of Rule 27 of the Rules of Procedure. He further stated that the positions taken by the members of the Credentials Committee who said that they could not accept the Israeli credentials were legally unsound,

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and were outside the technical criteria relevant under Rule 27. The Secretariat has made it known that this memorandum is available upon request to any member state. Herron suggested that information could be prepared for the guidance of future credential committees.

The memorandum of the IAEA Legal Advisor also stated that the General Conference President's ruling which permitted Madagascar to vote and which resulted in the rejection of the Israeli delegation's credentials and the advice of the Legal Advisor on which this ruling was based were not in accordance with UN General Assembly practice. In view of these circumstances, the memorandum concluded that the procedural ruling should not be treated as a precedent.

The Secretariat, as requested, circulated a letter to the Director General Blix, signed by 18 Western member states (WEOG), deploring what happened at the General Conference and referring to other problems affecting the IAEA. In a memorandum to the United States, dated October 14 Blix said that efforts should be made to protect specialized agencies from being encumbered by extraneous political controversy, and that "several steps could be taken in the future to ensure that business is handled expeditiously and in accordance with the rules." At the end of our reassessment, we will respond to Blix setting forth our concerns and what we will endeavor to achieve in cooperation with the Secretariat and member states in improving the safeguards, technical cooperation, and other activities of the Agency. We will request that the IAEA circulate Blix's memorandum and our response to all member states (thus far, it has been circulated only to the 34 Board members).

In recent discussions with Blix, we encouraged him to include in his report to the UNGA substantive points from his memorandum. He did so. We also stressed that his personal attitudes and pronouncements as the Director General are critical to setting a constructive tone at the Agency and among member states. Blix appears to be persuaded to be committed to putting the IAEA back on track.

Proposed Actions

-- Urge the Secretariat to contribute to rededicating the IAEA to its basic functions of advancing the use of nuclear energy under effective safeguards, thereby discouraging extraneous and divisive political controversy.

-- Seek the dissemination of information to member states setting forth the proper, limited grounds for review of

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credentials under Rule 27 of the IAEA General Conference Rules of Procedure.

-- Seek the dissemination of information to member states indicating that the ruling on voting procedures at the General Conference was in error, eliminating any precedential impact for the future.

-- Urge the Director General to issue an instruction to Secretariat officials covering procedures to be used in roll-call votes.

B. Work with Member States

Our consultations with key member states would continue in order to impress upon them the gravity of the problems that are threatening to disrupt the IAEA's work and the need for states to work together to overcome these problems. Following the conclusion of our reassessment but before a public announcement, we will advise selected governments of the results of the reassessment, and urge that they support us fully in our efforts to return the IAEA to its statutory principles. Statements to this effect at the February Board meeting and on other suitable occasions would be indicative of their support. We will expand this effort to include the Soviet bloc and moderate G-77 states as appropriate.

-- Continue consultations with key member states to establish a broad consensus on the problems facing the IAEA and on the need to protect the IAEA from extraneous issues which threaten to undermine its effective functioning.

C. U.S. Internal Actions

-- Establish a U.S. Government Steering Group, chaired by Ambassador Kennedy, to meet at regular intervals to oversee and monitor implementation of our short and longer-term strategy after US resumption of participation in the IAEA.

-- Initiate of a longer-term study to examine alternatives to the IAEA as well as whether and how the IAEA might be fundamentally restructured to enable it better to meet our objectives.

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D. Options for Return to Participation in IAEA Activities

Concern has been expressed about resuming participation immediately in all IAEA activities on a business as usual basis. Accordingly, it has been suggested that a phased or selective approach might be preferable. On the other hand, there is concern that a continued and prolonged absence of the U.S. could damage U.S. interests and Agency programs, and risks being viewed as punitive. There are two basic options we could pursue:

1. Resumption of normal participation in IAEA activities.

Under this option, we would simply announce at an appropriate time we are "taking steps to resume participation in IAEA activities. We would permit scheduled cost free experts to go to Vienna, nominate U.S. experts to attend meetings as they occur, and renew acceptance of fellows to study at U.S. institutions. We would resume normal USG participation in IAEA sponsored meetings, including the next meetings of CAS, IPS, and the Board of Governors. We would also pay our outstanding financial obligations, for 1982, resume technical assistance assignments, and financial support for selected technical assistance projects, and resume hosting IAEA training courses. This resumption will be done in an orderly manner with priority given to those activities of primary interest to the U.S. (e.g. safeguards and safety). We expect, as a practical matter, that it would take several months before normal participation is restored. Under this option, we would make clear that we were keeping the situation under review and that our future participation in IAEA activities would depend on developments. We would pay our outstanding obligations for 1982 by early 1983. However, we would withhold until after the next General Conference payment of our 1983 assessment to the regular budget (in accordance with our deferral policy for all UN agencies), and could defer as well our 1983 cash contributions to the Technical Assistance Fund.

Pros:

- Responds to urgings of our allies and the Secretariat.
- Avoids further disruption of Agency programs.
- Maximizes US influence on the direction of those programs.
- Projects a forthcoming image, minimizes creation of new grounds for confrontation and controversy and enhances

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prospects of support from moderate G-77 members.

- Avoids the need to distinguish among various activities as to which ones warrant attending and which do not.

Cons:

- May create the impression prematurely that the United States is satisfied with those steps that have been taken to date to meet our concerns.
- May remove some leverage that could be used to counter moves which we find offensive or objectionable.

2. Selective resumption of participation in IAEA activities.

Under this option we would resume attendance at certain meetings in areas of particular interest to the United States. This should include both safeguards and non-safeguards activities. We would also resume acceptance of some fellows for study at U.S. institutions, arrange for assignments of some experts, and provide financial support for some technical assistance projects based on certain criteria, such as whether the country of origin has been supportive of U.S. interests. Hosting of meetings in the United States would be considered on a case-by-case basis. The United States would pay its 1982 financial obligations. All other activities, including future contributions, would be considered on a case by case basis. Further steps toward normal participation would depend on progress in achieving U.S. objectives as outlined above. As a practical matter this is unlikely to result in resumption of "full" participation by the U.S. before the next General Conference.

Pros:

- May provide leverage that could be used in dealing with recalcitrants or in otherwise achieving our objectives.

-- Allows us to convey a clear signal to all that our resumed participation is "conditional" and that changes in attitude in IAEA deliberations are necessary for increased U.S. participation.

Cons:

- Reduces U.S. influence on programs in which we do not participate.

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-- May be seen as punitive, since we would not participate in some activities, and may result in being blamed for program failures or deficiencies.

-- Could create the perception by other member states that the United States is indecisive and generally uncommitted to the pursuit of its objectives in the IAEA.

-- Invites other members to adopt similar approaches of selective participation or support in the IAEA or other UN agencies of interest to the United States.

-- There are a number of administrative difficulties associated with implementing this option. It could be very difficult, for example, to choose among a diverse range of activities as to which are "important" and which are not, since each activity will have its own interest group behind it.

E. U.S. Announcement.

At the conclusion of the reassessment, the United States would:

- o Announce that the United States is encouraged by recent trends as evidenced in the UNGA and elsewhere indicating a general desire to avoid politicization of the credentials process and to allow Israel to exercise its membership rights in UN organizations;

- o Note the positive actions already taken by the Secretariat and key member countries, and our intention to continue vigorous efforts to effect desired changes;

- o Based on these developments, declare that the United States has decided to resume participation in IAEA activities in accordance with the option chosen above.

- o State the essential elements of our longer-term strategy for refocussing the IAEA as its essential functions;

- o Note that we will keep these efforts under review and that future U.S. participation on IAEA activities depends on future developments.

IV. LONGER-TERM STRATEGY

Achieving substantial progress in meeting our longer-term objectives will require sustained high-level attention within the U.S. Government. It will be necessary to undertake a campaign over the next several years to ensure that the inter-

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national community agrees to cooperate to effect desired changes in the IAEA. Just as importantly, we must ensure that the U.S. Government is prepared to make the effort necessary to accomplish our longer-term objectives.

Our traditionally close relationship with the Secretariat at all levels has suffered somewhat in the past few years because of changes in the Secretariat. The reasons include a rapid increase in size, a growing percentage of nationals from developing countries, an increasing sensitivity to the dominance of the United States and a decreasing ability of the Mission, due to personnel shortages, to maintain routine, frequent contact at all levels of the Secretariat. There has also been a growing self-confidence within the Secretariat which evidences itself as resentment at being "dictated to" by any country or any special interest groups.

One result of this has been a decreasing U.S. ability to anticipate problems and to influence the way problems are resolved. It has also become more difficult for the United States to ensure that our interests are best served by actions that are taken in key safeguards and technical assistance areas. This problem would be reduced somewhat by an increase in the manpower available to the U.S. Mission in both the safeguards and technical assistance areas. With greater staff the Mission's ability to maintain routine contact with the Secretariat could be significantly enhanced and U.S. influence thereby increased.

Another, perhaps more important deficiency, is the lack of sufficient personnel in Washington working on the IAEA. This contributes to less than desirable frequency of contact between Washington-based officials concerned with IAEA activities and the Secretariat. Although some agencies, notably ACDA, maintain fairly frequent personal contact with IAEA personnel, other agencies do not. If we are to be effective in influencing the Secretariat in areas of particular concern to the United States the situation should be changed, perhaps by increasing the Washington staff working on the IAEA and relevant travel resources.

A. Ensuring Participation for Members and Reducing Extraneous Political Controversy and Bloc Polarization.

While our short-term strategy seeks a general commitment from key member States and the Secretariat on the need to ensure the rights of participation for members and to protect the Agency from extraneous political issues, we will need to change some of

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the basic attitudes of key decision-makers in the international community on these issues. We must convince key countries of the need to work with us to create a consensus in the IAEA such that the Secretariat and a majority of the members work toward these ends. Part of this effort must address the resentment felt by some of the G-77 that the IAEA is a tool of the super-powers, serving only developed country interests. In addition, it will be necessary to focus specifically on how to protect the IAEA from future disruptions stemming from issues related to the rights of member states to participate fully in the work of the Agency.

Proposed Actions

-- Prepare an analysis of competing and complementary interests in the IAEA Secretariat, the regional blocs, influential member States and even key individuals.

-- Consult with the WEOG to:

o establish a consensus on the need to protect rights of members and to reduce extraneous political controversy and bloc confrontation;

o obtain WEOG agreement to participate in creating a consensus on these issues, including making high-level demarches.

-- The United States should be prepared to raise these issues with allies at summit and ministerial meetings and with others at high levels, as appropriate.

-- Discuss with the WEOG, Soviets, selected G-77, and the Secretariat possible procedural changes or mechanisms that might help keep extraneous political issues outside the Agency, or at least under control if one or a few nations insist on raising them.

o explore the possibility of amending the Rules of Procedure of the General Conference to allow for certain votes to be held by secret ballot.

o consider proposing a procedure to review resolutions for germaneness before they are debated in Board or General Conference meetings.

o Consider a change so that certain votes are weighted based on the level of financial contributions made by each

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state to the IAEA.

-- Develop a strategy to deal with the exercise of rights and privileges of membership by Israel and other countries.

-- The US Steering Group, chaired by Mr. Kennedy, should develop approaches to keep our concerns on the front burner in the IAEA context and to develop ways of controlling longer term politicization and bloc confrontation within the IAEA.

B. Improving Safeguards

Keeping non-germane political issues out of the IAEA and ensuring strict adherence to the purposes and principles of the Statute will be conducive to maintaining an effective safeguards system. However, the safeguards system faces a number of chronic problems; the reassessment provides an additional opportunity to address them, with the understanding that improvements in the safeguards area are not a condition for resumed participation in the IAEA. Rather, it is true U.S. participation is an essential precondition to addressing these problems. If those problems are not resolved satisfactorily over the longer term, the safeguards system will no longer adequately serve U.S. national security interests and alternatives will have to be developed. A study of alternatives would include both a substitute for the IAEA and the possibility of restructuring the IAEA itself.

The long-term problems facing the safeguards system fall into three general categories: attitudinal, technical and resource.

1. Safeguards: Attitudinal Problems

The attitude of most states toward safeguards in their own facilities is more one of bare tolerance or opposition rather than of encouragement, support, and desire for improvement. Examples of attitudinal problems are the continued complaints from certain EURATOM countries about the burden of safeguards they suffer when the IAEA exercises its right of independent verification, the unwillingness of some countries (e.g., Pakistan) to permit needed improvements in inspection methods and techniques to be implemented by the IAEA, and the general difficulty the IAEA has in upgrading outdated facility attachments. Additional problems also exist in staffing and managing the Department of Safeguards, including the recognition of outstanding performance within the inspectorate.

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-- Where appropriate, approach allies at the highest levels to convince them of the importance both of their actively assisting implementation of effective safeguards in their facilities and of the IAEA's right of independent verification.

-- Consult with WEOG and other key IAEA member states on developing and implementing a common strategy to persuade all states to accept effective safeguards.

-- Consult with WEOG and other key IAEA member states and the IAEA Secretariat on management and organizational problems and challenges facing the Agency safeguards system faces, including a renewed emphasis on the technical competence of the safeguards staff.

-- To protect against the risk that we will not be successful in this effort to improve the safeguards system, pursue an in-depth study of realistic alternatives to the IAEA safeguards system that might be available to the United States, including the possibility of restructuring the IAEA itself.

2) Safeguards: Technical Problems

The IAEA will be faced with increasing technical challenges when new, large sensitive facilities, including reprocessing, enrichment and other bulk handling facilities, come under IAEA safeguards. New methods and techniques for safeguarding such facilities must be developed, tested, and brought into routine safeguards use by the inspectorate. They must also be accepted by host governments as legitimate safeguards tools. These problems are both near, and long-term, in the sense that several large sensitive facilities are now online, and others are under construction. The IAEA is just beginning to learn how to apply effective safeguards to them. The IAEA must, in the near term, conclude facility attachments that will serve as precedents for future negotiations.

Proposed Actions

-- Continue U.S. efforts to improve IAEA safeguards with increasing focus on sensitive facilities and on facilities in countries of proliferation concern.

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with increasing focus on sensitive facilities and on facilities in countries of proliferation concern.

-- Encourage major industrial states to work together and with the IAEA to develop safeguards methods and techniques that are appropriate for safeguarding the kinds of facilities those states are bringing on line.

-- Encourage developing and developed country members to work with the Secretariat to help demonstrate new safeguards methods and techniques in their facilities, where appropriate, and show that acceptance of these new measures is in their best interest.

3) Safeguards: Resource Problems

The resource challenges the Agency faces are significant. Currently, about \$30 million (U.S. share is \$8 million) of the Agency's overall \$91 million (U.S. share is \$21 million) budget is devoted to safeguards. We have been able to increase significantly the resources available to the IAEA for safeguards over the past five years. The IAEA is in the process of finalizing a paper on its medium-and long-term needs in the safeguards area, based on expectations of the types and numbers of nuclear facilities under safeguards. When this paper is available, we should consider it carefully in examining the future resource needs of the Agency.

We should work with the Secretariat and other key IAEA member states to define the level of resources needed to implement safeguards at progressively higher levels taking into account the constraints that exist on providing additional resources. Our demarches to other states urging them to help improve safeguards that are applied at their facilities will have minimal impact if the Agency does not have the resources necessary to implement such improvements.

Finally, we cannot expect to protect our interests and carry out this longer-term strategy unless the U.S. Government itself has adequate expert staff to pursue improved safeguards vigorously with the IAEA and with other governments. Current staffing levels should be evaluated to determine whether existing staff resources are appropriately assigned and whether additional resources may be warranted.

Proposed Actions

-- Regularly assess how well the resources available to the Agency are being used to allow it to meet safeguards goals and to make long-term improvements in the application of safeguards.

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-- Regularly assess the level of resources (personnel, funding, equipment) that the Agency needs now, and may need in the future, to implement effective safeguards.

-- Review the level of U.S. financial support for IAEA safeguards and other IAEA programs.

-- After determining our position on the level of U.S. funding and on the desired level of the overall IAEA budget, consult with the IAEA Secretariat and like-minded states, and subsequently with other states, on resource issues.

-- Review the internal USG staffing level for dealing with IAEA safeguards and safeguards improvements efforts to determine whether it should be augmented within existing agency employment ceilings.

-- Explore non-traditional methods of safeguards funding.

C. Non-Safeguards Areas

Concurrent with U.S. efforts to support IAEA safeguards activities, it is important for the United States to give greater emphasis to the non-safeguards activities of the Agency, particularly in the areas of nuclear safety and promotional programs of interest to DOE and other U.S. Government agencies, and to areas of broad-based technical cooperation keyed to the practical and political interest of G-77 countries: fellowships, training, and in-country projects. Almost 70% of the Agency budget is spent in non-safeguards areas. Increased U.S. support for non-safeguards activities will be necessary to gain general support for increasing safeguards efforts. Without such support it would probably be impossible to convince IAEA member countries that the United States is serious in living up to its commitments under the NPT and the IAEA Statute to promote the widespread development of peaceful nuclear activities, particularly in those countries with less-developed nuclear programs. Creating such a perception would foster stronger support for the IAEA, promote the viability of the NPT regime, and help reduce developing country frustrations that result in their opposition to perceived developed country discrimination. Other U.S. national objectives could also be served, such as the promotion of sales of U.S. nuclear technology and equipment, maintaining a safe and reliable operational environment for foreign nuclear power programs, and furthering U.S. scientific and technical interests in certain IAEA programs and activities.

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Proposed Actions

-- Establish a mechanism to assess IAEA non-safeguards programs and our support of them, and to recommend actions to promote U.S. interests more effectively.

-- Assure effective implementation of U.S. technical assistance efforts, including improved recruitment of U.S. experts for the large backlog of uncompleted projects in developing countries.

-- Promote greater appreciation, outside the involved circle of foreign technical institutes and agencies, of the magnitude and value to specific countries and groups of countries of the major U.S. support role in IAEA technical assistance, including U.S.-funded and -hosted fellowships and other manpower development and training efforts and the recent expansion of U.S. nuclear safety assistance.

-- Follow up on programs and projects supported by the United States and the IAEA to assess their impact.

o consider establishing a procedure for debriefing of selected experts on their return to the United States;

o establish closer contact between the U.S. Mission in Vienna and U.S. nationals working for the IAEA.

-- Consider establishing an interagency coordinating group to develop follow-up actions in cases where this seems warranted.

-- Work more closely with the U.S. member of the Scientific Advisory Committee and other relevant bodies to maximize the impact of U.S. policy on the work of these bodies.

-- Review the level of funding for, and impact of, U.S. contributions for the non-safeguards functions.